

STANDARD & POOR'S	RATINGS DIRECT
----------------------	----------------

[Return to Regular Format](#)

## Research:

# Foreign Currency Outlook on 2 Chilean Corporates Revised to Positive After Sovereign Revision

**Publication date:** 16-Apr-2002

**Analyst:** Silvina Aldeco Martinez, Buenos Aires (54) 114-891-2126

NEW YORK (Standard & Poor's) April 16, 2002--Standard & Poor's said today it revised the foreign currency outlook on copper producer Corporación Nacional del Cobre de Chile (CODELCO) and oil producer Empresa Nacional de Petroleos de Chile (ENAP) to positive from stable, following today's similar action on the Chilean sovereign ratings.

Additionally, Standard & Poor's affirmed its double-'A'-minus local and single-'A'-minus foreign currency corporate credit ratings on CODELCO, and its single-'A'-minus foreign currency corporate credit rating on ENAP.

Because both CODELCO and ENAP are government-owned companies, their foreign currency ratings were capped at the sovereign level.

"In the case of CODELCO, the world's largest copper mining company, the ratings are not only supported by its high-grade ore reserves, low cost structure, and conservative financial risk profile, but also very importantly by the support derived from the Chilean government, despite operating in a highly cyclical industry," commented Standard & Poor's credit analyst Silvina Aldeco-Martinez.

"As for ENAP, the financing of its aggressive expansion strategy is partially offset by the higher credit quality of its parent, the Chilean Republic. Standard & Poor's expects ENAP to continue showing a strong business position," added credit analyst Pablo Lutereau.

The rating action follows Standard & Poor's revision of its outlook on the sovereign credit ratings on the Republic of Chile to positive from stable. The sovereign rating action reflects Chile's improved macroeconomic policy mix and the policymakers' ability to introduce non-destabilizing counter cyclical policies.

The Chilean authorities have managed to restore fiscal discipline, in spite of the electoral cycle and the cyclical downturn. On the monetary front, it is particularly noteworthy that the central bank was able to introduce rate cuts while there was excessive volatility in the peso and the currency nevertheless appreciated, a behavior not usually seen in emerging markets.

A complete list of the ratings is available to RatingsDirect subscribers at [www.ratingsdirect.com](http://www.ratingsdirect.com), as well as on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com) under Ratings Actions/Newly Released Ratings.